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Taiwan Implements Temporary Tariff Reduction on Fruit Imports

Report Categories:

Agriculture in the News

Fresh Deciduous Fruit

Kiwifruit

Stone Fruit

Trade Policy Incident Report

Trade Policy Monitoring

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Report Highlights:

Taiwan has implemented a temporary tariff reduction from 20% to 10% on imports of apples, nectarines and kiwifruit. The import duty reduction is intended to buffer recent increases in consumer food prices, but U.S. apple exporters in particular could see an up-tick in demand during the two-month window (October 5-December 4, 2012). In 2011, Taiwan imported 52,425 metric tons of U.S. apples valued at US\$54.4 million.

General Information:

As a way to temper recent consumer food price increases, Taiwan's Executive Yuan (EY) ordered a temporary tariff reduction on some imported fruit. As a result, the Ministry of Finance's Department of Customs Administration has lowered tariffs from 20% to 10% for fresh apples (HS code 0808.1000.00-2), fresh nectarines (HS code 0809.3000.20-3) and fresh kiwifruit (HS code 0810.5000.00-9) effective from October 5 through December 4, 2012.

Article 71 of the Taiwan Customs Act allows the authorities to adjust tariffs up or down within the range of fifty percent of the tariff rate on commodities for a period not to exceed one year as a way to cope with special domestic and/or international economic situations or to adjust the local supply of goods. However, Taiwan authorities must consider the balance between easing consumer prices and supporting local producers. To this end, the EY consulted the Council of Agriculture (COA) to identify for possible tariff reduction fruits that are in high demand but that are not produced locally or are not currently in season locally.

On October 12, 2012, the EY issued a press release quoting the Vice Premier in expressing his appreciation to the importers, wholesaler and retailers for lowering Taiwan's fruit prices before local citrus fruit comes into peak season during November. However, some Taiwan legislators have already demanded that the EY rescind the temporary tariff cuts if the reductions are not fully reflected in retail consumer prices for these fruits.

Although the tariff reduction was intended to lower consumer prices and not necessarily to increase imports, U.S. exporters could expect some increase in import demand. However, the two-month window for the tariff reductions will likely not be extended to avoid any negative impact on local fruit producers.

NOTE: The Department of Customs Administration announced that border agents will determine eligibility for the tariff reduction based on the date that the imported cargo manifest is submitted to customs for import clearance.

MARKET OVERVIEW FOR APPLES, NECTARINES AND KIWIFRUIT**Apples**

In 2011, Taiwan's local apple production continued a long-term decline, falling to 1,667 metric tons (MT) from the 2010 level of 2,186 MT. This represents only about one percent of domestic demand, with total imports in 2011 reaching 136,698 MT or about US\$145 million.

Although Taiwan imports significant volumes of apples from Chile and New Zealand, U.S. exporters are

expected to benefit the most from the two-month tariff cut on apples as the peak season for southern hemisphere apples is past.

A two-year comparison of Taiwan's fresh apple imports is listed below - volume in MT, value in US\$ million [in brackets]:

| | U.S. | Chile | New Zealand | Japan | S. Korea | South Africa | Others | Total |
|---------------------|--------------------|--------------------|--------------------|--------------------|------------------|------------------|----------------|----------------------|
| Jan-Sep 2012 | 27,095 [\$37.9] | 44,773 [\$41.2] | 12,048 [\$13.6] | 3,936 [\$10.2] | 298 [\$1.2] | 2,043 [\$1.6] | 200 [\$0.3] | 90,393 [\$106.0] |
| Jan-Sep 2011 | 28,889 [\$34.1] | 46,291 [\$38.3] | 17,638 [\$17.9] | 10,912 [\$19.3] | 743 [\$1.6] | 1,001 [\$0.8] | 526 [\$0.6] | 106,000 [\$112.6] |
| CY2011 | 52,425 [\$54.4] | 46,432 [\$39.4] | 17,656 [\$18.1] | 15,429 [\$27.3] | 2,490 [\$3.5] | 1,344 [\$1.1] | 922 [\$0.9] | 136,698 [\$144.7] |

Source: Taiwan Council of Agriculture, based on Taiwan Customs data

Nectarines

Taiwan has no commercial production of nectarines, so Taiwan's domestic demand is fully met by imports, with the United States being the largest supplier. Taiwan's imports of U.S. nectarines peak in the July-September period and largely end by October. However, the tariff cut could encourage some late season U.S. nectarine exports to Taiwan.

A two-year comparison of Taiwan's fresh nectarine imports is provided below - volume in MT, value in US\$ million [in brackets]:

| | U.S. | Chile | Australia | Total |
|---------------------|-------------------|------------------|----------------|--------------------|
| Jan-Sep 2012 | 7,035 [\$9.5] | 4,138 [\$7.1] | 162 [\$0.4] | 11,335 [\$17.0] |
| Jan-Sep 2011 | 8,168 [\$9.7] | 3,998 [\$6.0] | 281 [\$0.7] | 12,447 [\$16.4] |
| CY2011 | 9,402 [\$12.0] | 3,998 [\$6.0] | 281 [\$0.7] | 13,681 [\$18.7] |

Source: Taiwan Council of Agriculture, based on Taiwan Customs data

Kiwifruit

Taiwan has no commercial production of kiwifruit, so Taiwan's domestic demand is fully met by imports, with New Zealand taking the lion's share of the market. New Zealand's kiwifruit exports to Taiwan begin in April and end in December with the May-August period being the peak season. As the table shows, imports for the Jan-Sep period already exceed the full year 2011 total by value and were only marginally short of the previous year's total by volume. Imports of kiwifruit from New Zealand are clearly benefiting from very heavy advertising and other promotional events conducted by ZESPRI® Kiwifruit, New Zealand's publicly-held single export entity.

A two-year comparison of Taiwan's fresh kiwifruit imports is listed below - volume in MT, value in US\$ million [in brackets]:

| | New Zealand | Italy | France | China | Chile | U.S. | Total |
|---------------------|--------------------|------------------|------------------|----------------|------------------|----------------|--------------------|
| Jan-Sep 2012 | 25,041 [\$49.1] | 1,259 [\$1.8] | 1,286 [\$1.8] | 35 [\$0] | 1,136 [\$1.2] | 170 [\$0.4] | 28,929 [\$54.3] |
| Jan-Sep 2011 | 19,349 [\$28.4] | 1,810 [\$2.4] | 2,188 [\$2.9] | 432 [\$0.3] | 157 [\$0.2] | 93 [\$0.2] | 24,032 [\$34.4] |
| CY2011 | 23,575 [\$42.1] | 2,684 [\$3.2] | 2,451 [\$3.2] | 623 [\$0.4] | 157 [\$0.2] | 143 [\$0.4] | 29,639 [\$49.5] |

Source: Taiwan Council of Agriculture, based on Taiwan Customs data

OTHER RELATED REPORTS

[2012 Stone Fruit Annual Report \(Peaches/Nectarines, Cherries\)](#)

[2011 Fresh Deciduous Fruit Annual Report \(Apples\)](#)

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